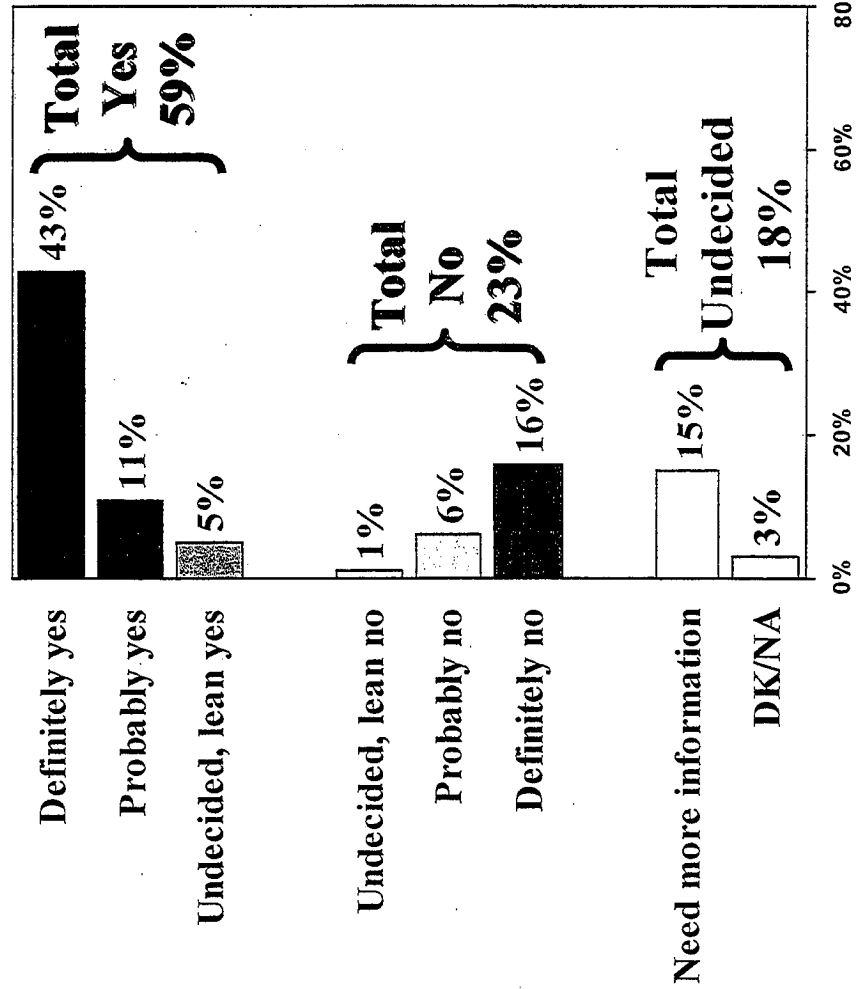


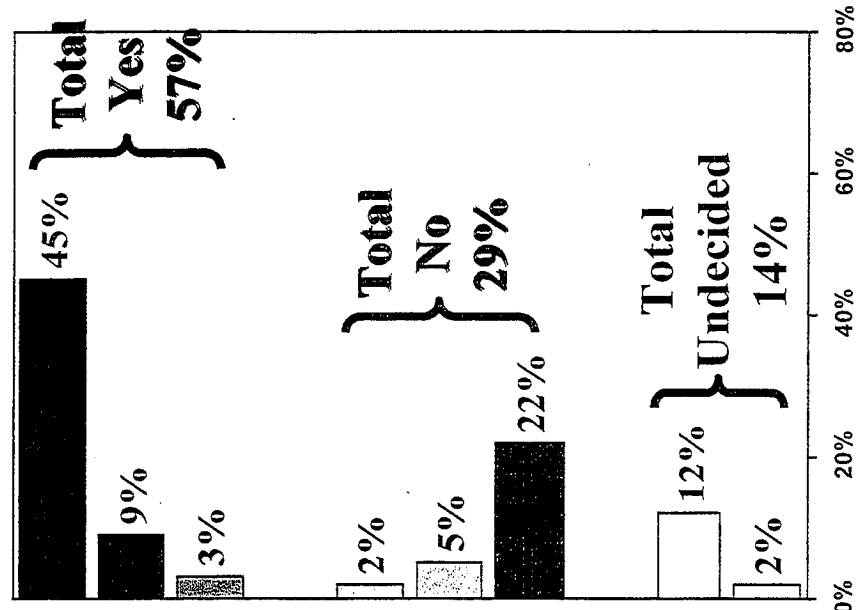
# City of Long Beach

## Initial and Final Vote: Library Measure with Oil Tax


Initial Oil Tax Vote



Final Oil Tax Vote





**Date:** April 25, 2006  
**To:** Councilmember Patrick O'Donnell, Fourth District  
**From:**  Gerald R. Miller, City Manager  
**Subject:** REQUESTED OIL PRODUCTION TAX INFORMATION

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As a follow-up to your questions regarding the feasibility of an Oil Production Tax increase on the November 2006 ballot, attached please find two documents that were previously transmitted to the Mayor and City Council regarding such an effort.

The first document is the complete report of revenue generating options that was sent to the City Council by the Budget Oversight Committee on June 21, 2005, and includes an overview of the Oil Production Tax. To summarize, the City currently levies a \$0.15 tax on each barrel of oil produced. Raising this tax by another \$0.15 would put the City's per barrel tax at a level similar to Signal Hill and provide approximately \$2.2 million annually. As a general rule, each additional one-cent increase to the tax would generate approximately \$150,000, based on current production. The report also provides a comparative analysis to other jurisdictions that currently have an Oil Production Tax.

The second document provides the results of a survey that was approved by the City Council on June 21, 2005 and presented to the City Council on January 10, 2006 by the respected polling firm Fairbank, Maslin, Maullin and Associates (FMMA). FMMA tested the feasibility of an increase in the Oil Production Tax to fund Library Services and found that 57 percent of the public would support such an increase, whereas 29 percent of the public would not. Richard Maullin of FMMA explained that a significant portion of the public believes that an increase in the Oil Production Tax would be passed directly to the consumer. Because of this, Mr. Maullin doubts that an Oil Production Tax would be able to gain the 66.6% of votes needed to pass as a dedicated special tax measure.

The next opportunity to place an Oil Production Tax on a ballot as a general tax measure would be April 2008. In this situation, just over 50% of voters need to approve the tax.

Please do not hesitate to let me know if you have any questions or require any further information.

**Attachments**

cc: Mayor and Members of the City Council  
Christine Shippey, Assistant City Manager  
Suzanne Mason, Deputy City Manager  
Reginald Harrison, Deputy City Manager  
Mike Killebrew, Director of Financial Management  
Jyl Marden, City Council Liaison

**Survey of Comparable Agencies  
Oil Production Tax <sup>1</sup>  
(Los Angeles County)**

Question	Long Beach <sup>2</sup> (461,522) <sup>3</sup>	Beverly Hills (33,784)	Culver City (38,816)	El Segundo (16,033)	Inglewood (112,580)	La Habra Heights (5,712)	Montebello (62,150)	Santa Fe Springs (17,438)	Signal Hill (9,333)	Torrance (137,946)
Type - Special or General										
% Vote Received										
Election Date										
Tax Amount - \$ or %	\$0.15 per bbl.	Outside: 1st 10,000 - \$1,611.67 \$0.11 bbl > 10,000  Inside: 1st 10,000 - \$3,235.43 \$0.31 bbl > 10,000	\$18 per \$1,000 gross receipts (oil, gas, and liquids) <sup>4</sup>	\$0.02 per bbl	\$0.22 per bbl <sup>4</sup>	\$0.20 per bbl.	\$0.288 per bbl <sup>5</sup>	\$0.20 per bbl <sup>4</sup>	\$0.314 per bbl <sup>6</sup>	\$0.23 per bbl <sup>6</sup>
Projected Annual Revenue										
Sunset Date										
Purpose / Possible Uses										
Comments		Outside - Well located outside City limits .								

<sup>1</sup> There were no noted ballot initiatives in the State of California for an Oil Production Tax since 1998.

<sup>2</sup> A hypothetical \$0.01 bbl Oil Production Tax increase would result in a projected \$150,000 in additional annual revenue. Allocation of funds would be dependent on ballot language.

<sup>3</sup> Population based on US Census for 2000

<sup>4</sup> Source: Society of Petroleum Evaluation Engineers (1999 Data)

<sup>5</sup> Tax indexed to CPI and adjusted annually.

<sup>6</sup> Tax indexed to PPI for Crude Petroleum and adjusted annually.